

# Preserving the Seeds for a Sustainable and Resilient European Solar Industry

## Position paper of Solar Industry Regions Europe (SIRE)

### Introduction to SIRE

The **objective** of the "Solar Industry Regions Europe (SIRE)" network is to foster a competitive, resilient and sustainable European energy transition by strengthening the European solar industry.

SIRE represents a consortium of European regions including Andalusia (Spain), Grand Est (France), Carinthia (Austria), Liberec (Czech Republic), Saxony (Germany), Saxony-Anhalt (Germany), and Sicily (Italy).

### Action needed to rescue European Solar Manufacturing

SIRE welcomes the aim of the Net-Zero Industry Act (NZIA) to achieve **30 GW of European manufacturing capacity** across the entire Photovoltaic (PV) value chain by 2030. This **objective is at severe threat as Chinese PV modules are flooding the European markets** causing a sharp fall of prices for PV modules.

While this may initially seem beneficial for cost-effective solar deployment, the current challenges pose a risk of widespread bankruptcies among European solar PV manufacturers and thus damaging resilient long-term supply of PV modules in the EU.

**To safeguard European solar industry during these challenging times, decisive and swift measures at the EU level are imperative.** With the aim to preserve the foundation of a robust European PV value chain, SIRE strongly supports the realisation of the following measures: in particular, the photovoltaic industry is currently facing **major challenges**, particularly in the following areas:

#### Immediate ban on solar modules produced with forced labor

Due to the US Uyghur Forced Labor Prevention Act (UFLPA) a significant number of modules originally destined for the US market are now flooding into Europe. A solution lies in leveraging the UFLPA Entity List until the EU Forced Labour Regulation becomes effective.

#### Use of EU funding for short-term measures and strategic incentives

SIRE calls for an EU funding that provides effective short-term support and encompasses the entire solar value chain. For example, European PV modules might be procured within the Temporary Crisis and Transition Framework (TCTF) or the Ukraine Facility framework for Ukraine aid and reconstruction.

With regard to the further development of the EU funding strategy and in addition to short-term emergency support, SIRE suggests to incorporate sovereignty criteria and strengthen sustainability criteria when providing financial support.

## Incentivising demand for European solar modules

- The **Net-Zero Industry Act (NZIA)\*** is the focus of this position paper and key tool for strengthening the competitiveness of solar modules produced in Europe in the medium- and long-term. It was proposed by the EU Commission, is to be negotiated with the EU Parliament and Council in coming weeks and must be adopted expeditiously.
- The NZIA proposal sets a benchmark for the European manufacturing capacity of strategic net-zero technologies to meet at least 40% of the EU's annual deployment needs by 2030. To provide effective assurance of domestic production uptake SIRE recommends **yearly milestones** from 2026 onwards starting with a 10% target.
- Chapter IV Access to Markets of NZIA suggests measures relating to public procurement procedures (Art. 19), auctions to deploy renewable energy sources (Art. 20) and other forms of public intervention (Art. 21) for which **sustainability and resilience criteria** shall be considered.
- Art 19 (3) and Art 20 (2) envisage that sustainability and resilience will be weighted at 15 to 30 percent in the award criteria. However, the current NZIA version must be enhanced with ambitious and concrete definitions, criteria and mechanisms.
- SIRE understands **resilience** as **sovereignty of European supply chains** using **value generation along the supply chain within the European Economic Area** as a means of measuring a product's contribution to supply chain resilience in the sense of Art 19, 2(d). This would contribute to a swift and unbureaucratic implementation while sustainability criteria a defined.
- For the assessment of the contribution to sustainability, criteria should be used cumulatively. **Sustainability criteria for PV** may encompass carbon footprint, resource efficiency, durability recyclability, efficiency, and Antimony-free solar glass, no use of lead and low NOx cell/module production. Such specification could be implemented in a separate Solaract.
- The **residential and small commercial sector** represents a large proportion of current PV installations and might be below auction thresholds. For this reason, Article 21 NZIA must enable Member States and regions to set purchase incentives of 10-15% for end customers such as lower interest rates or bonuses if they purchase European modules.
- The concept of **Net-Zero Industry Valleys** suggested by the Rapporteur of the European Parliament's Committee on Industry, Research and Energy (ITRE) can provide opportunities for clustering industrial activities as well as foster synergies. The concept needs to be elaborated and operationalised.
- SIRE emphasizes that **Local and Regional Authorities (LRAs)** can provide valuable expertise and are directly impacted by various NZIA measures. LRAs should receive clear recognition in the relevant articles of the regulation, such as becoming integral parts of the Net-Zero Europe Platform or the establishment of European Net Zero Industry Academies.

\*Proposal for a regulation of the European Parliament and of the Council on establishing a framework of measures for strengthening Europe's net-zero technology products manufacturing ecosystem (Net Zero Industry Act) (COM(2023)0161 – C9-0062/2023 – 2023/0081(COD))

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